

**RIO DELL CITY COUNCIL
REGULAR MEETING
JANUARY 6, 2009
MINUTES**

The Regular Meeting of the Rio Dell City Council was called to order at 4:00 P.M. by Mayor Woodall.

ROLL CALL: Present: Mayor Woodall, Councilmembers Barsanti, Dunker, Marks and Thompson

Others Present City Manager Flemming, Chief of Police Hill, Finance Director Beauchaine, Water Superintendent Jensen, City Attorney Martinek, Planning Consultant Williamson, and City Clerk Dunham

Absent: Director of Public Works Hale

CLOSED SESSION

Mayor Woodall announced the item to be discussed in closed and asked for public comment. There being no public comment, the council adjourned to closed session at 4:00 P.M.

Closed Session with Advisor (Mann, Urrutia & Nelson, CPA's) to discuss Personnel Performance Related to 2007-2008 FY Audit Findings and Recommendations: City Manager's Department; Finance Department; Public Works Department; and Police Department
Mayor Woodall stated there was no reportable action taken in closed session.

CONSENT CALENDAR

Motion was made by Marks/Barsanti to approve the consent calendar including the minutes of the November 18, 2008 regular meeting; minutes of the December 16, 2008 regular meeting; and the check register including general check register for check numbers 26547-26608 totaling \$118,015.65 and payroll check register numbers 14422-14446 totaling \$24,583.39. Motion carried 5-0.

SPECIAL PRESENTATIONS

Fiscal Year 2007-2008 Audit Findings and Recommendations – Principal Partner of Mann, Urrutia, CPA's – Justin Williams

Finance Director Beauchaine stated the financial highlights this year reflect the City's efforts to maximize city revenues and to rehabilitate aging infrastructure. She noted that during the 2007-2008 fiscal year the city worked on approximately \$1.7 million in capital improvement projects including the Tennis Court Revitalization; 3rd and 4th Avenue Reconstruction; Wildwood Avenue

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Reconstruction; and planning phase of the Sewer Effluent Disposal Project. In addition to capital improvement projects, the city is also engaged in substantial community development activities such as the downtown Brownfield's Petroleum Assessment; the CDBG Housing Rehabilitation Project; and the Headwaters Funded Economic Development Strategic Plan. She said the city's continued investments demonstrate the determination of staff and the City Council to revitalize the community and enhance the quality of life for Rio Dell's residents. Other highlights from this year's financial statements included total net assets of \$12,601,337, reflecting an increase of \$1.27 million from the previous year. Also it reflected a total combined revenue of \$4,043,766 and city wide expenses totaled \$3,569,000; a 17% increase from the prior year. With the National economy and official recession times, the city is in jeopardy of potential losses of State allocations as a result of State deficits. However, in spite of the difficult times, staff and City Council has worked extensively to minimize the economical effects of the economy on City operations and services provided to the community. The City has accumulated healthy reserve balances to assist the City in financing daily operations in the event of declining annual revenues. She said the City has also reduced the City's long-term debt and issued early payoffs of two water fund notes and has also re-evaluated many service fees to insure adequately funding operations both now and for the future.

With that being said, she introduced Justin Williams to present a report on the audited financials for the fiscal year ending June 30, 2008.

Mr. Williams provided highlights of the audit stating the financial statements themselves are the representation of management's positive efforts. He reported the audit opinion as an unqualified opinion, which is a clean audit opinion for the second consecutive year. He noted that his firm has been auditing the City's financials since the 2002-2003 fiscal year and for the past three years there has been significant improvements in the accounting and as a result of that, they have been able to issue unqualified opinions. He referred to the auditors report and recommended councilmembers pay particular attention to the "management discussion and analysis" which provides a little more narrative about the financial statements themselves. He noted they issue two other opinions as far as the auditors report: compliance of government standards and internal controls; and if there were any significant issues in regard to internal controls of the City, they would be noted in that report; the other report is on the Federal Funds basically stating that any government entity receiving more than \$500,000 in Federal funds requires a federal audit where they look specifically at federal grants. He reported there were no significant deficiencies found however there was one compliance finding relating to federal funding that had to do with physical inventory of the City's assets which staff was in the process of correcting.

A couple of the main internal control issues included a recommendation that the City establish a Whistleblower Policy that would provide the employees an opportunity to voice concerns they may have over potential misuse of funds; also recommended was that a Code of Conduct and Conflict of Interest Policy be implemented.

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Overall, he said the City has made a lot of improvements over the last several years and continue to see improvements in internal controls and financial reporting and said the audits are now up to date. He thanked the City Manager and the Finance Director and staff for all their help with the audit.

Economic Development Strategic Plan 2008 – Planwest Partners

George Williamson from Planwest Partners provided a presentation on the draft 2008 Economic Development Strategic Plan stating that a little over a year ago City staff encouraged him to submit an application through the Headwaters Fund and through continued perseverance convinced them that this is exactly the kind of thing where headwaters funding should be used because the plan is all about local economic development. They have been working on the City's behalf to put this plan together since approval of headwaters funding. It was noted that the purpose is to provide a plan of action for the City to build on its economic resources that identifies methods to attract new businesses and increase economic opportunities so that Rio Dell is recognized as a business friendly community. Also included in the plan is a baseline economic profile of the city's labor, land use, service capacity, and revenue generating sources. Utilization of a land use parcel data base would identify every vacant parcel available within the city and can be placed on the city's web site as an economic resource tool.

Mr. Williamson explained the plan basically has three major components: 1) a strategic analysis which provides a detailed assessment of the city's current economic status; 2) setting strategic direction and determining overall accomplishments and the overall methods or strategies to achieve the accomplishments; and 3) action planning which involves carefully laying out how the strategic goals will be accomplished and specifying objectives with each strategic goal.

In closing, Mr. Williamson encouraged staff to place the entire Economic Development Strategic Plan on the city's web site to help promote economic development opportunities.

ORDINANCES/SPECIAL RESOLUTIONS

Approve Resolution No. 1028-2009 Establishing a Whistleblower Policy

Finance Director Beauchaine stated that each year the auditors make internal control recommendations to management as a part of the annual audit process. This year, a recommendation was made to establish a whistleblower policy which strengthens the City's internal control by defining procedures for staff to report workplace wrongdoing.

Motion was made by Thompson/Marks to approve Resolution No. 1028-2009 *Establishing a Whistleblower Policy*. Motion carried 5-0.

Introduce and Conduct First Reading (by title only) of Ordinance No. 259-2009 Business License Ordinance

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Finance Director Beauchaine stated the City's business license ordinance has been in need of update for some time now. The revised version not only updates the verbiage but combines the language from Ordinance 36 relating to solicitors. She noted that all fees were extracted from the ordinance and have been implemented by resolution.

A public hearing was opened at 6:55 P.M. to receive public comment on the proposed ordinance.

John Lane, 1249 Riverside Dr. commented that he was very excited to see there is a provision for two or more ring circuses as well as provisions for garage sales and said he thought it was a well written document that will help to avoid abuse of illegal business activity.

Tim Marks, 560 View Ave. addressed the issue of veterans exemption provisions and stated the old ordinance allowed exemptions for disabled veterans however Assemblywoman Patty Berg entertained a bill last year (AB1952) which changes that to include all honorably discharged veterans will be allowed to have a free business license. He requested Section 24 be amended to include appropriate language to adequately address that issue. Staff agreed to modify the language.

Sharon Wolfe, 3 Painter St. commented that she had not seen a copy of the proposed ordinance and asked if and when it would be available on the City's web site; City Manager Flemming explained the City was currently going through some computer upgrades but the entire council packets would be on the web site for public review.

There being no further public comment, the public hearing was closed and Mayor Woodall opened for Council comments.

Councilmember Thompson commented that Ordinance No. 161 should be added as being repealed and said he would like to add to the list of definitions "repeal, repealed, repealing." He noted the definition would read: "Repealing of an Ordinance number repeals the ordinance but does not resend the action in the repealed ordinance. Resending action in an Ordinance must be stated or superseded."

Councilmember Dunker suggested that when Ordinances are amended that both be submitted with red strikeout clauses to show the old with the new; Finance Director Beauchaine noted that often times the documents are not available electronically and would have to be retyped in their original version with the strikeouts and involve additional work.

Councilmember Marks questioned Section 41 in regard to "mobile vendors" and asked if the City had another ordinance in place that establishes health codes; Finance Director Beauchaine stated an excerpt could be added to the proposed ordinance because there were not other

ordinances that addressed health codes. It was agreed that language be added to say that mobile vendor must meet all County Health and Safety Codes.

Motion was made by Dunker/Barsanti to introduce and conduct first reading (by title only) of Ordinance 259-2009 Business License Ordinance. Motion carried 5-0.

Approve Resolution No. 1029-2009 Establishing the Amount of Business License Taxes and Regulatory Fees Pursuant to all Sections of Ordinance No. 259-2009 and Repealing Resolution No. 352

Finance Director Beauchaine stated to date the City has been levying its Business License Taxes and Regulatory Fees by both Ordinance and Resolution. As part of the Business License Ordinance update, the taxes and fees were extracted from the ordinance and compiled into one resolution which she said makes administration much more efficient and allows for more streamlined updates.

Mayor Woodall asked if Business License fees had been changed since adoption of Business License ordinance in 1982; Finance Director Beauchaine said they had not been changed since the fees are really business license taxes and cannot be changed without going out to the voters for approval. She further explained that what the City could do is do an internal fee evaluation and add a fee as an administration or processing fee. Council directed staff to come back at the second meeting in February with the evaluation and proposed processing or administration fee.

Motion was made by Marks/Thompson to approve Resolution No. 1029-2009 *Establishing the Amount of Charges for Business License Taxes and Regulation Fees Pursuant to all Sections of Ordinance No. 259-2009 and Repealing Resolution No. 352*. Motion carried 5-0.

Approve Resolution No. 1030-2009 Establishing a Cell Phone Policy

Finance Director Beauchaine stated that certain employees within the city are required to be available during times when they are in the field or when they are away from work. Historically the City of Rio Dell has provided cellular telephones to these types of employees which has included the City Manager, Chief of Police, Director of Public Works, Water and Wastewater Superintendents, and the Finance Director. There is however, no written policy associated with the issue of cellular telephones, nor with their use.

In addition, the police department and public works department has requested to add certain staff members as eligible for some level of compensation for cell phone use for various reasons. She noted that any cell phone allowance would be a taxable benefit and that the policy also addressed issues regarding personal use of cell phones.

Discussion continued regarding accountability, the levels of allowances or plans, and the frequency of reimbursement for the purchase of new phones.

Councilmember Barsanti felt that \$200.00 per year per qualified employee for the purchase of cell phones and equipment was very excessive; Finance Director Beauchaine commented that the technology changes rapidly and \$200.00 will likely not cover the cost of new data plan.

Councilmember Barsanti said he would like to see a six month pilot program implemented, and then come back to the Council with a detailed report of expenditures. The Council concurred.

Motion was made by Barsanti/Marks to approve Resolution No. 1030-2009 *Establishing a Cell Phone Policy* on a one year pilot program with review of the program in six months. Motion carried 5-0.

Approve Resolution No. 1031-2009 Adopting the City's Headwaters Funded Economic Development Strategic Plan for Implementation

Finance Director Beauchaine stated the City submitted an application in August 2007 to the Headwaters Fund requesting funding to complete an Economic Development Strategic Plan. The goal of the strategic plan was to revitalize the downtown area by offering business incentives to attract new development that would contribute to the City's economic prosperity.

She further stated that the City was awarded a \$30,000 grant to develop the Economic Development Strategic Plan and after one year of hard work by Planwest Partners, the plan was completed. Approval of the resolution will adopt the plan as submitted.

Motion was made by Dunker/Thompson to approve Resolution No. 1031-2009 *Adopting an Economic Development Strategic Plan for Implementation*. Motion carried 5-0.

Introduce and Conduct First Reading (by title only) of Ordinance No. 260-2009 Amending the Rio Dell Zoning Ordinance

George Williamson, Planwest Partners stated the City Council took action last year on a series of general plan amendments and this one is back before the Council for consideration which involves a single parcel at 300 Woodland Dr. The Planning Commission reviewed the general plan amendment request and made a favorable recommendation. The parcel was previously zoned as Urban Residential, then changed to Suburban (1 acre) in 2004 as part of the General Plan Land Use Element Update. The property owner is requesting the zoning go back to the Urban Residential zoning which increases the density to 6,000 sq. ft. minimum lot size.

Councilmember Thompson spoke in regard to the access of Woodland Dr. and said he did some research and came up with a 1983 map that shows Woodland Dr. as a street but that it was never dedicated to the City as a street; only as a recorded right-of-way. He asked if the City Council could put an attachment on the general plan amendment that says that if and when further development is proposed, it must come back to the planning commission to determine if the

access is appropriate; George explained that the action that is before the Council now is a requested change in land use and if there were any further development on this parcel, the City would then have the opportunity to look at the entitlement once the subdivision map is submitted. Appropriate access would be considered before approval of any proposed subdivision map.

Councilmember Marks said she felt the density was too high going from 6,000 to 1 acre on the neighboring property and could visualize ½ acre or possibly 12,500 but by allowing 6,000 sq. ft. minimum lot size it would diminish what the City is trying to develop in the divisions that the City has brought forward; Mayor Woodall agreed stating it is a beautiful area and larger parcels would promote a more rural feeling.

Councilmember Marks said that traffic is also an issue in that area and is another reason it doesn't seem prudent.

Councilmember Dunker said he likes to look at what is good for the general public and the future of the City 10 years from now and what the potential impact would be stating that he personally didn't have a problem with the general plan amendment as submitted.

Councilmember Barsanti commented that if the property was zoned residential when the applicant purchased it, it didn't seem fair to change it to 1 acre if the applicant didn't desire the change and was comfortable with the current request since the planning commission will have the opportunity to review any future development of the property.

George Williamson noted any future subdivision must prove legal access to the parcels.

Motion was made by Barsanti/Dunker to introduce and conduct first reading (by title only) of Ordinance No. 260-2009 *Amending the Rio Dell Zoning Ordinance*. Motion carried 4-1; Councilmember Marks casting the dissenting vote.

Approve Resolution No. 1032-2009 Approving a General Plan Amendment (APN 052-011-008)

George Williamson stated this action accompanies the previous action.

Motion was made by Thompson/Barsanti to approve Resolution No. 1032-2009 *Approving a General Plan Amendment*. Motion carried 4-0; 1 abstain (Marks).

Approve Resolution No. 1033-2009 Providing for a Negotiated Exchange of Property Tax Revenue Pertaining to the Sawmill and Blue Slide Road Annexations to the City of Rio Dell

George Williamson explained the City and County have negotiated and reached a mutually acceptable agreement for an exchange of property tax revenue for the proposed reorganization for the sawmill and Blue Slide Road annexation areas. The formula agreed upon would divide the tax revenue in the proportion of 75.29% to the County and 24.71% to the City. Humboldt

Local Agency Formation Commission (LAFCo) must receive property tax revenue resolutions from both the City and the County before annexations can be set for hearing.

George stated that passage of this resolution puts the City one step closer through the annexation process and recommended approval.

Motion was made by Marks/Barsanti to approve Resolution 1033-2009 *Providing for a Negotiated Exchange of Property Tax Revenues Pertaining to the Sawmill and Blue Slide Road Annexations to The City of Rio Dell*. Motion carried 5-0.

Approve Resolution No. 1034-2009 Approving General Plan Amendments, Sphere of Influence Expansion and Annexations

George Williamson stated that in LAFCo's initial review of the City's annexation and sphere of influence expansion applications their staff requested that the City resolution be revised to clarify actions that the City take approvals and actions that are subject to LAFCo action. The proposed resolution is amended to reflect that recommendation.

Motion was made by Marks/Dunker to approve Resolution 1034-2009 *Approving General Plan Amendments, Sphere of Influence Expansion and Annexations*. Motion carried 5-0.

SPECIAL CALL ITEMS/COMMUNITY AFFAIRS

2009-2010 Assignments of the Mayor and the City Councilmembers to Various Boards/Commissions/Committees

City Manager Flemming stated that it is the responsibility of the Mayor after each election to make council appointments to the various boards and committees. A list of the current agencies and their respective meeting days and times was presented.

Motion was made by Barsanti/Dunker to ratify the Mayor's appointments and alternates to the external organizations and internal advisory bodies as follows:

	<u>Appointee</u>	<u>Alternate</u>
Humboldt County Association of Governments (HCAOG)	Woodall	Dunker
Humboldt County Convention & Visitors Bureau	Woodall	Dunker
Humboldt County Waste Management Authority (HCWMA)	Marks	Barsanti
Humboldt Transit Authority (HTA)	Woodall	Thompson

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League of California Cities (Redwood Empire Division) (LOCC)	Dunker	N/A
Redwood Region Economic Development Commission (RREDC)	Marks	Dunker
Local Agency Formation Commission (LAFCO)	To be determined by LAFCo	
Redwood Coast Energy Authority	Thompson	Dunker
Humboldt/Del Norte Hazardous Response Authority	Woodall	Dunker

Internal Committees

Traffic Committee	Barsanti	Marks
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Motion carried 5-0.

PUBLIC PRESENTATIONS

None

REPORTS/STAFF COMMUNICATIONS

City Manager Flemming reported on recent activities and meetings and stated that Randy Jensen was doing a terrific job as Acting Director of Public Works; she attended a meeting at the Scotia School to discuss the possibility of the City taking over lease of the Scotia Gym and said potentially it could be a huge liability to the City as well pose staffing issues, although was worth exploring the possibility. She also reported she would be working with staff to schedule a mid-year budget review; Winzler & Kelly staff would be providing an update at the next regular meeting on the Wastewater Effluent Improvement Project; and was researching the possibility of an extension of the Parks Grant funding.

Chief of Police Hill reported on recent activities in police department and said Sergeant Wiener was back from maternity leave; Animal Control Officer Harralson was attending the police academy; and said he would present the annual police report at first meeting in February.

Finance Director Beauchaine reported on recent activities in the finance department and reported the audit for fiscal year 2007-2008 was completed; she was preparing for the mid-year budget review for mid- February; and said the City was awarded a \$500,000 grant through the HOME Program for housing rehab and would be working with Redwood Community Action Agency (RCAA) on the administration of the program.

Councilmember Marks asked again what the impact was from the summer water allowance; Finance Director Beauchaine said it was on her "to do" list and would report back to the Council with those figures.

COUNCIL REPORTS/COMMUNICATIONS

City Manager Evaluation Review Process – Mayor Woodall

Mayor Woodall stated one of the fundamental responsibilities of the City Council in a City Manager form of government is to provide supervision and evaluation of the City Manager. One important part of that evaluation process is to not only provide positive feedback to a City Manager who is performing exceptionally well but to also designate priorities in regard to their job performance. She suggested the Council schedule a date in February for a City Manager evaluation review process.

Councilmember Dunker suggested the Council consider hiring a professional firm to perform the evaluation on the City Manager.

Councilmember Dunker commented that the budget line item for City Council travel/training has exceeded the estimated budget amount. He said the Council needs to address the issue of budget adjustments and how to budget for the upcoming year. He said he would like to schedule a special meeting to discuss the issue.

A special meeting was tentatively scheduled for January 9, 2009 at 9:00 a.m.

Dunker also noted that the division meeting of the League of California Cities was scheduled to be held in Willits for the first time on January 30, 2009 where Wesley Chesbro would be speaking and encouraged council members and staff to attend.

Councilmember Marks asked that any council member with information pertaining to any wrong doing by any other council member speak up in open session so it can be addressed. There were no comments.

Councilmember Barsanti asked about the status of the Animal Control officer position; Chief Hill stated the matter would need to be addressed for the upcoming year and noted that the results of the survey showed the three main citizen concerns were 24 hour police coverage; animal control issues; and traffic concerns. He stated he would have the survey results to the City Council along with the annual report in February.

CLOSED SESSION

The Council adjourned to closed session at 8:58 p.m. to discuss: *Employment Status – Public Works Director; and Contract Negotiations – Building Inspection Services.*

PUBLIC COMMENT REGARDING CLOSED SESSION ITEMS

Sharon Wolfe, 3 Painter St. expressed her concerns in regard to building inspection services and commented that the City has previously contracted with the County for building and plan check services and the Council might want to think about going back to that to avoid potential liability.

The meeting reconvened at 10:13 P.M. Mayor Woodall announced there was no reportable action taken in closed session

ADJOURNMENT

There being no further business to discuss, the meeting adjourned at 10:15 P.M. to the January 20, 2009 regular meeting.

Julie Woodall, Mayor

Attest:

Karen Dunham, City Clerk